

# 2023 Modern Slavery STATEMENT

AF Asia-Pacific Holding Proprietary Limited



## Chief Executive Officer's message



I am honoured to present our Group's third annual Modern Slavery Statement. We acknowledge that we have a role to play in seeking to minimise the risks of modern slavery and to safeguard human rights in our operations and supply chain.

We remain committed to expanding our efforts in building higher quality relationships with our suppliers to increase our confidence in the goods and services we use in our business or sell to our customers.

We understand that modern slavery requires ongoing attention and dedication. That is why we remain focused on improving our approach to identifying, assessing, and addressing modern slavery risks.

The Australian Government is currently reviewing the Modern Slavery Act 2018 and we are monitoring developments in this area to identify any changes to our practices to align with any future changes to the legislation.

Our commitment to continuous improvement is reflected in our Modern Slavery statements, which set out our strategy to further develop our understanding and management of modern slavery risks across our operations and supply chain.

A handwritten signature in black ink, appearing to read 'M Batson', with a long horizontal flourish extending to the right.

**Mark Batson**  
Chief Executive Officer  
Fackelmann Housewares Australia

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## INTRODUCTION

This Modern Slavery Statement (**Statement**) has been prepared on behalf of AF Asia-Pacific Holding Pty Limited (**AFAP** or the **Parent Entity**) and the entities it controlled (the **Group**) for the financial year ended 30 June 2023. For the purpose of this Statement, references to 'we', 'us' or 'our' refer to the Group.

This Statement has been prepared in accordance with the Australian Modern Slavery Act 2018 (**Act**) and with regard to the Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities (**Guidance**).

It outlines the Group's strategy for managing modern slavery risks in the Group's operations and supply chain.

We recognise that modern slavery is a growing global issue and that it permeates every aspect of our society. Modern slavery, as defined in the Guidance, is used to describe the serious exploitation of people in situations where coercion, threats, or deception are used to exploit victims and undermine or deprive them of their freedom. We understand our responsibility to respect human rights in our operations and supply chain. This responsibility includes taking action to prevent, mitigate and, where appropriate, remedy modern slavery in our operations and supply chain.

# OUR STRUCTURE, OPERATIONS & SUPPLY CHAIN

## STRUCTURE

AFAP is a proprietary company incorporated in Australia. During the FY2023 Statement Period, AFAP has acquired full ownership of Tomkin Australia Pty Ltd.

For the purposes of this Statement, our key operating entities during the FY2023 Statement period are described in the table below.

Entity	Place of business / country of incorporation	Ownership interest	Principal activities
Fackelmann Housewares Pty Ltd	Australia	100%	Marketing and distribution of housewares products
Fackelmann New Zealand Ltd	New Zealand	100%	Marketing and distribution of housewares products
Fackelmann Housewares Singapore Pte Ltd	Singapore	100%	Marketing and distribution of housewares products
MCP Housewares HK Limited	Hong Kong	100%	Product sourcing
Tomkin Australia Pty Ltd	Australia	100%	Marketing and distribution of housewares products; product sourcing
Smart Brands Pty Ltd	Australia	100%	Marketing and distribution of housewares products

The majority of the Group's revenue is derived from the company's diversified portfolio of market-leading brands, including:



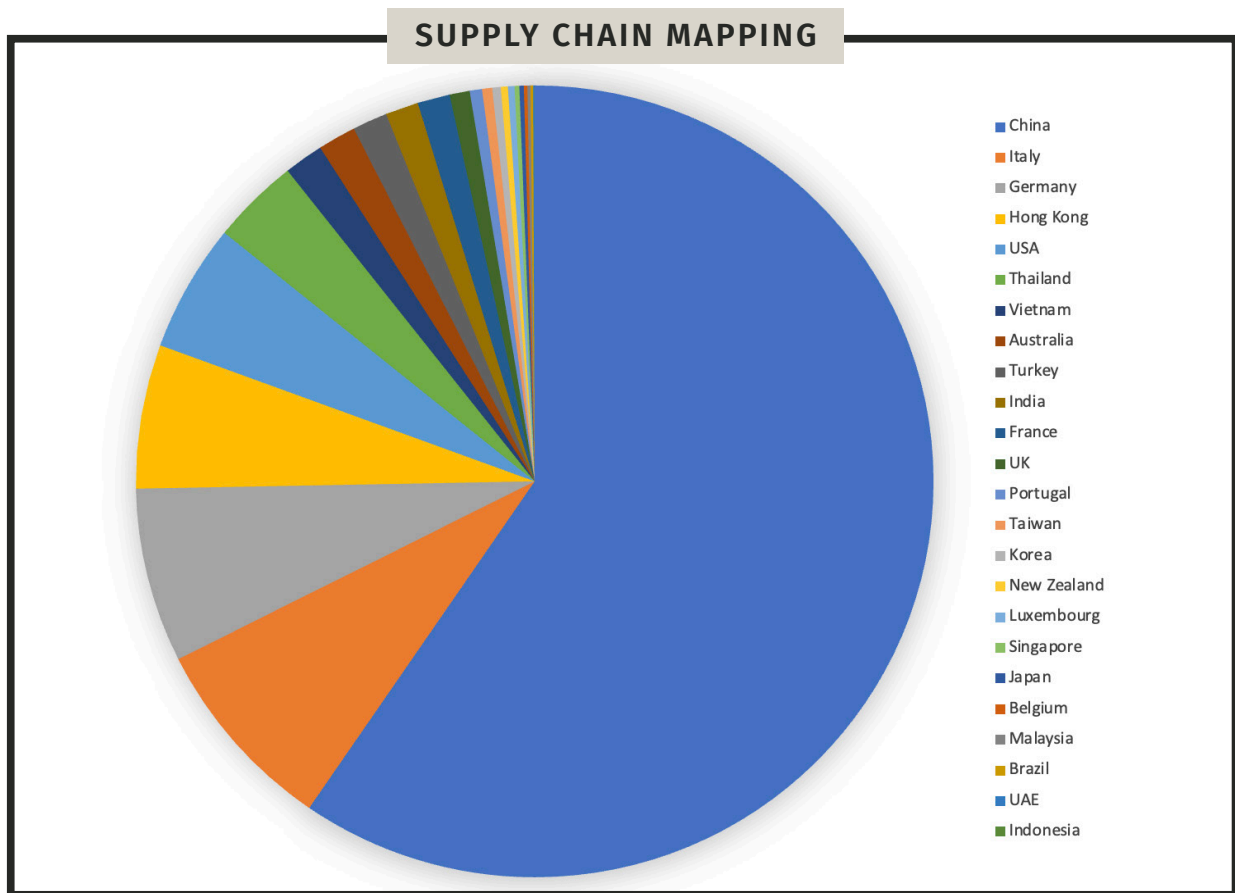
## OPERATIONS

AFAP and its subsidiaries have principal operations in Australia, Hong Kong, New Zealand and Singapore. The Group employs a total of 192 people across the entities shown in the table below, the majority of which are located in Australia and New Zealand.

	Australia	New Zealand	Asia	Total
Full Time	101	26	14	141
Part Time	4	30	1	35
Casual	8	4	0	12
Contract	3	1	0	4
Total	116	61	15	192

## SUPPLY CHAIN

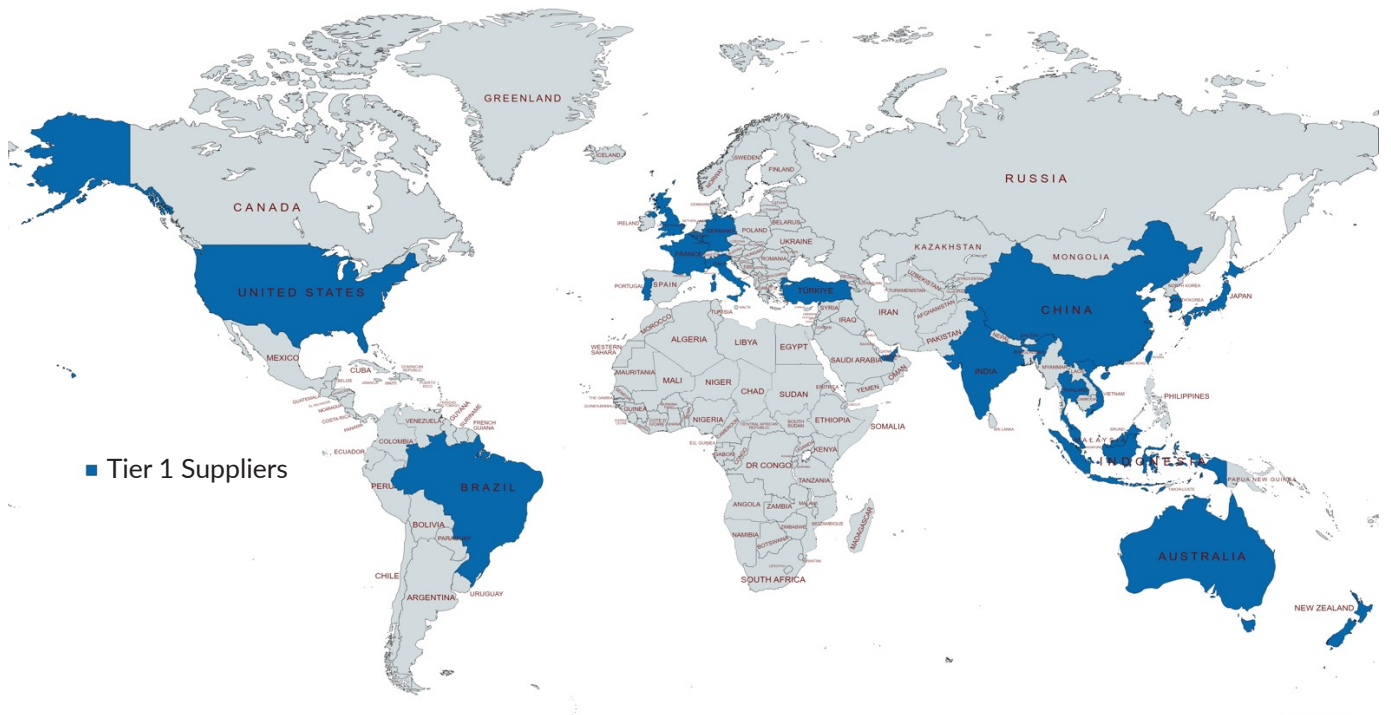
Our supply chain is extensive, reaching from Australia to locations in Asia, Europe and Oceania. Our products supply chain includes sourcing of housewares products for distribution and use in our business operations. Our services supply chain includes services that support our operations including freight, marketing, financial and legal services, IT and the cleaning and security services for our offices. We strive to ensure our suppliers meet the required standards and demonstrate consistency in ethical practices throughout their supply chains.



The top 5 countries where products (goods for re-sale) are sourced are:

NO.	COUNTRY	% SPEND
1	China	59.56%
2	Italy	8.03%
3	Germany	7.12%
4	Hong Kong	5.88%
5	USA	5.22%

## TIER 1 SUPPLIERS



### FY2023 Tier 1 Suppliers

- Australia
- Belgium
- Brazil
- China
- France
- Germany
- Hong Kong
- India
- Indonesia
- Italy
- Japan
- Korea
- Luxembourg
- Malaysia
- New Zealand
- Portugal
- Singapore
- Taiwan
- Thailand
- Turkey
- United Arab Emirates
- United Kingdom
- United States of America
- Vietnam

## SPEND ANALYSIS – OPERATIONS AND SUPPLY CHAIN

In FY2023 we procured goods from 378 suppliers and services from 297 suppliers.

Due to the global nature of our supply chain, we understand that there are varying degrees of potential modern slavery risk when having regard to the country of origin and product category. We have focused our assessment of potential risk on our Tier 1 suppliers for the purposes of this Statement. Further work will be undertaken to better understand our extended supply chain and operations and the potential for modern slavery risks of these suppliers.



## IDENTIFYING OUR MODERN SLAVERY RISKS

We acknowledge that all industries and businesses have the potential for modern slavery risks to exist in their operations and supply chains. We have considered these potential risks within the context of our business, having regard to the nature of our sourcing activities as described above.

### Operational Risks

During FY2023, the Group re-assessed the potential risks of modern slavery occurring within our direct operations as being low.

We have robust recruitment and onboarding processes that ensure we comply with all relevant laws across the Group.

We have policies that communicate and reinforce our expectations including our Code of Conduct, Equal Employment Opportunity, and Whistleblower Policy. In addition, training, accessible grievance mechanisms and ongoing monitoring are key programs to manage the risk of modern slavery.

In addition, the standards, obligations, and worker protections required by Australian and New Zealand labour laws result in a relatively lower risk of modern slavery in our Australia and New Zealand business units.

### Supply Chain Risks

Considering the sources of modern slavery risks as defined in the Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities along with the nature of our business supply chains, we have identified risks related to common demanding purchasing practices and types of vulnerable workforces employed globally. These risks arise from various factors, including complex and opaque supply chains, subcontracting practices, and the use of low-cost labour in certain regions. Vulnerable workers, such as migrant workers or those in marginalized communities, may be subjected to exploitative labour conditions, including forced labour, debt bondage, and human trafficking.

In addition to our risk assessment process, we monitor the media and relevant reports to stay informed of emerging human rights risks and to alert ourselves to any specific risks which may relate to our suppliers.

The Group's investigations and risk assessments in relation to our supply chains currently cover a large number of our suppliers of goods and their Tier 1 factories. However, modern slavery risks may exist in other parts of the supply chain, including suppliers of raw materials to those Tier 1 factories. To date, the Group has had limited engagement with these parts of the supply chain providing raw materials to factories that produce goods for resale. As such, the extent and degree of modern slavery risks in those parts of the supply chain are currently unknown.

It is important for the Group to conduct thorough due diligence, engage in responsible sourcing practices, and collaborate with suppliers to mitigate these risks and ensure ethical and sustainable supply chains. We will investigate additional efforts to gain a deeper understanding of our extended supply chain and operations.



# ASSESSING AND ADDRESSING MODERN SLAVERY RISKS

The Group has taken the following actions to assess and address the risks of modern slavery in our supply chains. These actions will continue to be strengthened where necessary as the nature of these risks evolve and change over time.

## GOVERNANCE

The AFAP Board of Directors (the Board) has ultimate responsibility for ensuring that the Group has an effective risk management system in place and to manage key risk areas and understands the legislative reporting requirements of the Act.

The Board endorses all key policies, which are described in more detail below. Key risks identified through external audits conducted will also be considered and actioned appropriately. In addition, the Board monitors the potential exposures facing the Group through regular and ongoing communication with the Group's senior management.

Members of the Group's senior management are responsible for ensuring that systems, processes and controls are in place to minimise identified risk to an acceptable level. Senior management, along with all employees, are responsible for reporting any actual risks identified and to respond appropriately to remedy them.

## POLICIES

The Group has policies and standards in place which recognise the importance of maintaining a high standard of behaviour in our relationships with each other, with our customers and our suppliers.

Document	Purpose
Code of Conduct	Establishes the standards that we uphold in the operation of our business by promoting specific principles in conjunction with our values. The code provides guidance as to the standard of personal behaviour expected of all employees, consultants and subcontractors.
Equal Employment Opportunity Policy	Aims to ensure fair and equitable practices are applied in the workplace and that any intolerance in the workplace is identified, addressed and rectified. We are committed to providing a workplace free from any form of harassment, bullying, discrimination, victimisation and vilification. Workplace harassment, discrimination, bullying, victimisation and vilification in any manner or form is expressly prohibited and will not be tolerated.
Whistleblower Policy	Provides an avenue to report and address actual or suspected wrongdoing and to protect anyone who reports such incidents. We are committed to the highest standards of legal, ethical and moral behaviour and ensuring compliance in all aspects of the organisation. We recognise the importance of transparency and accountability in our operations.

Grievance Procedure Policy	Provides an appropriate mechanism for identifying, addressing and resolving work related complaints or grievances as they arise. A grievance is defined as a legitimate type of problem, concern or complaint related to work or the work environment an employee may have.
Work Health & Safety Policy	Explains our commitment to Work Health and Safety (WHS). We are committed to ensuring all work activities are carried out safely and with all possible measures taken to remove (or reduce) risks to the health, safety and welfare of workers, contractors and others who may be affected by our operations.

These policies are communicated to employees when they join the Company and are available on our internal network.

MCP Housewares HK Limited is responsible for a significant portion of supply chain procurement. This is conducted with regard to the Guiding Ethical Principles in the Assessment of Suppliers, which stipulate that the entity will only trade or continue to trade with suppliers who follow the below ethical requirements regarding their business operations.

1. The supplier factory site should have the relevant legal operating license and their operations must comply with all relevant local regulations and laws.
2. The supplier must not employ or use child, forced or illegal labour in any part of the manufacturing process.
3. Living wages of workers should comply with local regulatory wage standards.
4. The supplier must not engage in or support the use of corporal punishment or monetary deduction.
5. Employees working overtime and holidays should be paid in line with local laws.
6. The factory site and employee working environment must be safe and have adequate lighting, heating and cooling ventilation.
7. Personal protective devices should be provided to workers who are working in a process which has high risk exposure.
8. All machinery and equipment should have protective covers to those parts with flywheels or moving gears whenever possible; stoppers must be added to stamping machines.
9. Hazardous chemicals or goods should be stored in an isolated or bonded area.
10. Fire prevention and pest control procedures should be in place and cover specific situations and be in line with local regulations.

## DUE DILIGENCE AND SUPPLIER ENGAGEMENT

We have an ongoing management process to identify, prevent, mitigate and account for how we address potential adverse human rights impacts in our operations and supply chains, including modern slavery. We have a highly experienced supplier sourcing team with decades of experience in ethical sourcing, quality control and compliance.

Prior to entering business relationships with suppliers, we conduct a thorough desktop assessment to verify the supplier's commitment to ethical conduct. As part of this assessment, we require suppliers to complete our Supplier Assessment Report, which entails a comprehensive evaluation of various aspects of their operations including employment standards, health and safety practices, supplier quality assurance systems, compliance with modern slavery regulations, as well as their technical and manufacturing capabilities. This evaluation process ensures that we engage with suppliers who align with our ethical standards and demonstrate the necessary capabilities to meet our requirements.

Below is an extract from our Supplier Assessment Report as it relates to modern slavery:

Item	Description
Trafficking of Persons	The recruitment, harbouring and movement of a person for exploitation through modern slavery
Slavery	Situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way
Servitude	The victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work
Forced Marriage	Situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony
Forced Labour	Situations where the victim is either not free to stop working or not free to leave their place of work
Debt Bondage	Situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or length of service is not limited and defined
Deceptive Recruiting	Victim is deceived about whether they will be exploited through types of modern slavery
Child Labour	Children are exploited through slavery including for sexual exploitation

A key priority for the Group is, wherever possible, to inspect the factories of all suppliers from whom we directly source products. When new suppliers are engaged, we undertake a risk assessment as part of our tender process. Once a key supplier is engaged, we perform periodic audits of these factories. Wherever possible, we continue to develop strong, long-term relationships with suppliers. However, we are unable to form enduring partnerships with suppliers who do not adhere to our Ethical Principles.

## Audit statistics

FMHW Pty Ltd: 80% of our top suppliers  
all have BSCI / SEDEX Audits

A key focus of our FY2023 actions has been to embed our due diligence framework into business-as-usual processes to ensure that we increase the visibility and transparency of our supply chain and develop an understanding of how modern slavery risks are managed by our suppliers. We have put a priority on our business critical suppliers.

We carefully select suppliers who prioritise safe factory conditions and the protection of workers. We have seen an overall improvement over the last decade regarding labour rights and working conditions in the factories of our suppliers. Specifically, factories have improved their air quality, extraction systems, handling of harmful substances, protection for workers in their workplace and pay. We are not aware of any actual instances of modern slavery within the factories of our suppliers.

## REMEDIATION

Should any non-compliance with our business standards be identified, we would take steps to address this with our supplier with the course of action determined by the nature, frequency and severity of the non-compliance. Prioritising the well-being, safety, and protection of the victim remains of utmost importance when implementing a remediation plan. If a supplier was not able or willing to address any such issues, the potential consequences would include discontinuing our commercial relationship.

The Group has established grievance reporting mechanisms and resolution processes whereby employees and third parties can report concerns relating to unethical or illegal activities including human rights and modern slavery. These are managed through our Equal Employment Opportunity Policy, Whistleblower Policy and Grievance Procedure Policy. We are exploring additional ways, such as information on our website, in which third parties such as factory workers may access these reporting mechanisms.

## TRAINING AND DEVELOPMENT

Modern slavery awareness briefings have been conducted for our senior executives and other team members, covering the background of the *Modern Slavery Act 2018*, an overview of the scheme, what constitutes modern slavery, indicators of modern slavery, the risk analysis process, and practical supply chain examples illustrating the concepts of “cause, contribute and directly linked to”.



## ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Key actions taken during the reporting period to understand the effectiveness of our actions taken to manage the risk of modern slavery are:

	Objectives	FY2023 Outcomes
Governance, systems, and processes	<ul style="list-style-type: none"> <li>Increase engagement with international brand owners, with relation to modern slavery and our expectations</li> <li>Develop Modern Slavery Minimum Standards</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the maturity and oversight across relevant business divisions will continue to be a focus into FY2024</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Continue to implement a due diligence approach for all manufacturers of Fackelmann Housewares owned brands</li> <li>Continue to review and renew Supplier Assessment Report</li> </ul>	<ul style="list-style-type: none"> <li>80% of top supply chain suppliers have completed social audit compliance</li> <li>New supplier onboarding due diligence process is continuously evolving and being adopted as business as usual across the Group</li> </ul>
Training, awareness, and engagement	<ul style="list-style-type: none"> <li>Incorporate modern slavery awareness in staff induction programs</li> <li>Create broad internal modern slavery engagement and awareness program including an annual renewal training for team members</li> </ul>	<ul style="list-style-type: none"> <li>Increased modern slavery awareness with the inclusion of the training in the staff induction and onboarding programs</li> </ul>
Monitor and report	<ul style="list-style-type: none"> <li>Communicate the Group's commitment to reduce the risk of modern slavery occurring in our operations and supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>The Group's Modern Slavery Statement for every reporting period is publicly available on the Australian Border Force register and the Fackelmann Housewares website.</li> </ul>

## CONSULTATION WITHIN THE GROUP

All the reporting entities covered by this statement have been consulted throughout the process of preparing this Statement. Each entity has been closely involved in modern slavery awareness briefings and interviews to gather information and analyse risks. Additionally, each entity was consulted on this draft Statement before its approval.

## OTHER INFORMATION

The Group acknowledges that the eradication of modern slavery requires an ongoing improvement and unwavering commitment from our business, our suppliers, and the broader ecosystem with which we interact. We are dedicated to upholding and promoting human rights across all aspects of our business.

Moving forward into FY2024 and beyond we will continue to progress and set key actions, measures of success and expected outcomes for governance, systems and processes; risk management and due diligence; training, awareness, and engagement; and monitoring and reporting.

Focus Areas	Objectives
Governance, systems, and processes	<ul style="list-style-type: none"><li>• Establish oversight of modern slavery risks and management frameworks, which will guide our decision making and facilitate continuous improvement</li><li>• Continuously increase engagement with international brand owners, with relation to modern slavery and our expectations</li></ul>
Risk Management and Due Diligence	<ul style="list-style-type: none"><li>• Effectively identify and address modern slavery risks in our operations and supply chain</li><li>• Undertake gap analysis of existing procurement policies and update policies as required</li><li>• Continue to implement a due diligence approach for all manufacturers of the Group-owned brands</li></ul>
Training, awareness, and engagement	<ul style="list-style-type: none"><li>• Continue implementing modern slavery training to support identification and management of modern slavery risks</li><li>• Develop specific modern slavery training programs for staff members in key roles of responsibility, as well as for teams working in areas where modern slavery is more likely to occur, such as Procurement, Sales, and HR.</li><li>• Increase collaboration with suppliers and other stakeholders to improve their capacity to identify and address modern slavery risks.</li></ul>
Monitoring and reporting	<ul style="list-style-type: none"><li>• Communicate our continued commitment to assist in the prevention, response and remediation of modern slavery and meet compliance obligations under the Modern Slavery Act.</li></ul>

We will continue to track and publicly report on our progress.

This Statement was approved by the Board of AFAP on 18th December 2023.



**Mark Batson**  
Chief Executive Officer  
Fackelmann Housewares Australia

18 December 2023

**AF Asia-Pacific Holding Proprietary Limited**

